

VISION 2020 FISCAL RESOURCES TASK GROUP
Meeting Minutes 1/16/14
Gallery
Jefferson Cutter House

ATTENDEES: Gordon Jamieson (Co-Chair), David Garbarino (Co-Chair), Heather Remoff, Brian Hasbrouck, Mike Stern, Scott Lever, Pete Howard (Secretary)

WARRANT ARTICLE ORDER: Gordon did rearrange the 2013 Annual Town Meeting warrant to put 10 registered voter artless first followed by bylaws, zoning (ARB), and appropriations. Pete presented it to Marie Krepelka who is supportive and may suggest this organization to the BoS.

FINANCIAL PLAN REVIEW: Pete provided hard copies (Ref 1) of the critique and a cover letter to the Town Manager. Members had received this material by email in advance. Gordon's suggestions made last month were incorporated. The group pointed out several typos and some awkward phrasing. Mike suggested the credit union should be discussed. Another item for pensions is qualifications for membership and retirement. Pete to revise and circulate for final comments, make final revision and deliver to Town Manager.

RECENT ACTIVITY REVIEW: Gordon reviewed FRTG activities over the last year for Scott. Scott may join Mike's Education Task Group.

LAND VALUES: Mike provided hard copy (Ref 2) of land value assessments for commercial properties. There is a huge \$/sq ft variation between nearby properties along Mass Ave & Lowell St. The group began a discussion of what to do with this info. It will be the main topic next month.

MEETING LOCATION: The Town has leased the 2nd flr conference room and is uncomfortable with using it for evening meetings. We are scheduled into the Art Room for the rest of the year.

NEXT MEETING: Feb 20 - Meetings held monthly, 3rd Thursdays 7:30 PM

Ref 1 FY2014 Financial Plan Review Letter
Ref 2 Study of Land Valuation in Arlington

Fiscal Resources Task Group

January 2014
PBH

Adam Chapdelaine
Arlington Town Manager
730 Massachusetts Avenue
Arlington, MA 02476

Dear Adam,

Over the past several months, members of this task group have been studying the FY2014 Financial Plan to both inform our membership as well as to better understand the Town and to make suggestions for potential improvements.

We find the document contains lots of valuable information that is presented in a fashion that should be generally understandable to the citizenry. Our comments and suggestions (possible errors, oversights, missing information, and desirable improvements) are summarized in the enclosed attachment.

We hope that you find this input valuable and that it will aid you and your staff in preparing an improved FY 2015 Plan.

As always, we stand ready to assist you in these matters as required.

Sincerely,

Gordon Jamieson Co-Chair

Davis Garbarino Co-Chair

CC Andrew Flanagan Deputy Town Manager

Comments on 2014 Financial Plan

P3-24 Budget Message

This is an excellent review of Town finances, the proposed budget, and policies related to the budget. We think it provides an excellent introduction to these matters for residents. We offer some suggestions that we think would improve this important section:

P9 OPEB

We were unable to find a coherent discussion of this large municipal obligation. It would be desirable to know the size of the funds put aside, together with the size of the obligation. Perhaps the rationale for the annual appropriation should be dropped in favor of a simple percentage of the overall budget or specific dollar amount.

P9 Credit Union

We suggest, in the interest of transparency, a mention of this employee benefit. Does the Town provide support such as space, employee time for meetings during working hours? If space is provided does the Credit Union pay rent?

P9 Cost savings/Performance:

The snow plowing program, of interest to many residents, gets a line in the DPW performance table. Perhaps a summary of the overtime, contractor, snow inches would be worth including. Would there be a saving if plowing were centralized rather than spread over DPW, AFD and Schools?

P16,17 Comparisons

Tables 4, 6, 8 We are concerned that the inclusion of the W&S MBTA debt costs in our real estate tax as applied in these rankings, but not in the real estate tax of most of the other communities, may be distorting our ranking.

P18 Structural Deficit

The discussion of the Town's structural deficit would be clearer if the term were explicitly defined. We think it should be made clear in the Long Range Financial Projection (P23). One way to do this is to revise the table to show that the stabilization fund is being used to balance the budget rather than treating it as an income source like any other. The table below, based on P23, is an abbreviated example of this approach.

	FY13	FY14	FY15	FY16	FY17	FY18
Total Revenues	125.7	182	188.1	188.1	-2.0	141.4
Total Expenses	121.8	124.8	188.7	188.6	142.1	147.5
Revenue - Expenses	3.9	5.8	7.3	-0.1	-1.1	-6.1
Deposit in / Withdraw from Override						
Stabilization Fund	-3.0	-6.2	-2.7	0.5	14.5	6.1
Balance	0	0	0	0	0	0
Balance in Override Stabilization Fund	7.0	18.0	15.7	15.2	12.8	6.2

P18 Built out

We urge you to drop the conventional statement that the town is "completely built out". This tends to bias the discussion against healthy and needed development. It is true of course that there is very little vacant land available for development. But there is lots of underdeveloped land along our major commercial avenues. Consider Coolidge Corner in Brookline. It seems to us that one could say "Arlington is not fully built up".

P18 Challenges

A brief discussion of the possible future financial challenges that may face the Town might be worthwhile. (Renovation of AHS, Renovation of Minuteman Tech, OPEB funding, Pensions)

P23 Sensitivity analysis

This projection could be made more meaningful if it were accompanied by charts showing the plan's sensitivity to some of the key assumptions such as new growth, health insurance, pensions and local aid. This would be a way to quantify how conservative the plan is, a feature perhaps under appreciated by many residents.

P23 Long Range Projection format

The suggested example show above under P18 was made from P23 by:
Deleting line F, Override Stabilization Fund, from Revenue
Deleting line J, Override Stabilization Fund, from Appropriations
Replace with new line J, Revenues - Expenses
Replace line K with Deposit in/Withdraw from Override Stabilization Fund
Add line L BALANCE
Add Line M Balance On Override Stabilization Fund

Section II Revenue

This is an excellent review of all the revenue that is appropriated by Town Meeting. We suggest all revenue be addressed for completeness and transparency.

P37 Rental Income

We suggest that a listing of all Town property (for example all Town property greater than 6000 sq. ft. not used for public purposes) be included in this list even if they do not generate revenue.

P38 Other Local Receipts

Not included is revenue into revolving funds, designated funds and trust funds. These funds cover significant services and should at least be discussed.

Also not included are Symmes payments which are used to offset significant capital borrowing costs. These costs are also missing from Section VI. This oversight distorts future predictions as the debt is paid down and the revenues become available for appropriation.

Section III Budget Summaries

This section provides useful information. We suggest an additional table that shows actual expenditures in the previous year. A discussion of any budget over runs and how they were paid would also be useful.

Another general comment is the confusion caused by giving objectives for FY 14 and accomplishments for 2012. We suspect that some of the accomplishments were in FY13. Perhaps a general discussion of this issue could be inserted in the beginning of this section.

Section IV Budgets

Include the School Budget, or explain why it is not covered & refer to the School Department's Plan for completeness.

Consider a page for the Finance Committee. Though the budget is small, the service is essential to the operation of Town Meeting.

P59 Town Organization Chart

This important chart should show all the elected positions on the same line.

Though accurate, the color code approach is confusing to new readers.

How about a foldout or a two page or front/back spread?

Under BoS Boards & Commissions

Correct Arlington Cultural Center to Arlington Cultural Commission

Add Arlington Bicycle Advisory Committee

Under Town Moderator

Add Arlington Recycling Committee

P65 Board of Selectmen

The members & chairs are correct for most of FY13; incorrect for FY14.

Suggest this chart be updated as necessary after the local election in April.

Suggest a note explaining when the personnel changes are made.

P69 & 70 Town Manager/Purchasing/Communications

All material on this page concerns the Communication function only. This is very misleading. Suggest a similar level of detail for the other functions.

Surveys have shown that most residents under value the admin function. It should not be minimized in this document.

P97 Planning

Include in Objectives the management objectives for the 6 Town buildings managed. For example maximize revenue; provide low cost rooms for public service organizations; provide facilities used by Town programs , etc.

P98 Planning

Annual town surveys show residents do not fully appreciate the services provided by administrative departments. The list of accomplishments addresses this problem. But the cost of this service is overstated as noted:

Department program costs are misleading because they do not show the substantial offsets.

The ARB program costs are offset by building revenues. Leaving this out is very misleading.

The ARB building costs do not include the cost of borrowing.

P99 Planning

The Organization Chart color coding is confusing. Why should CDBG be treated differently from Central School? The Conservation Commission Administrator is offset by fees.

List committees of residents monitored & supported

Provide a separate page for the ARB tables for improved clarity.

Why are room rental fees a performance indicator? What are they?

P155-156 Pensions

This \$8M appropriation is covered in 2 pages. We suggest that this provides inadequate transparency. Information of general interest includes revenue from employees, investments, revenues from investments, disbursements to retirees, pending claims, qualifications for receiving a pension and projected funding schedule.

P157-159 Health Insurance

Collecting these costs into one budget is convenient since these costs are administered as separate programs. But they are costs that are directly proportional to the number of employees. The cost of Personnel Services as listed for each department is considerably higher, as much as 30%, when these benefits are included. The budget information would be more transparent if the cost of these benefits were included, even if only approximately. Discuss which benefits are paid to school employees. Include the OPEB fund and the associated liability. We suggest that the rational for setting the OPEB appropriation be skipped, at least in this document. We think a simple % of budget would be adequate.

Section V Enterprise Funds

P161 W&S

We find this a good but terse report. We suggest this large fund should show more detail such as a breakdown of expenses, retained earnings, predicted assessments, and potential savings from operation and material improvements and year start/finish balances.

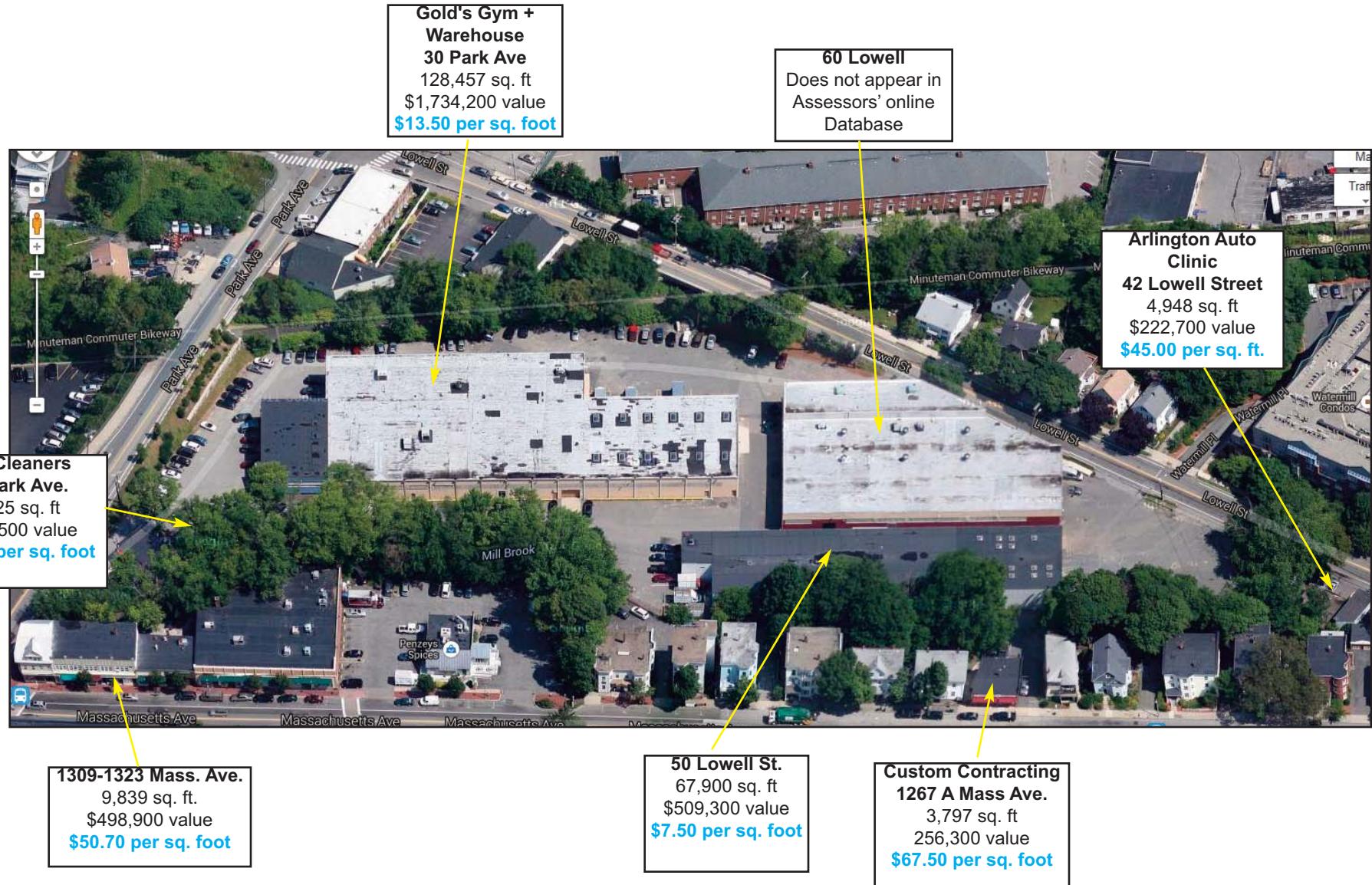
Section VII Capital Plan

Show how the 5% of the budget is computed. Consider employing a straight dollar amount instead with annual 2.5% increases.

P207 Glossary

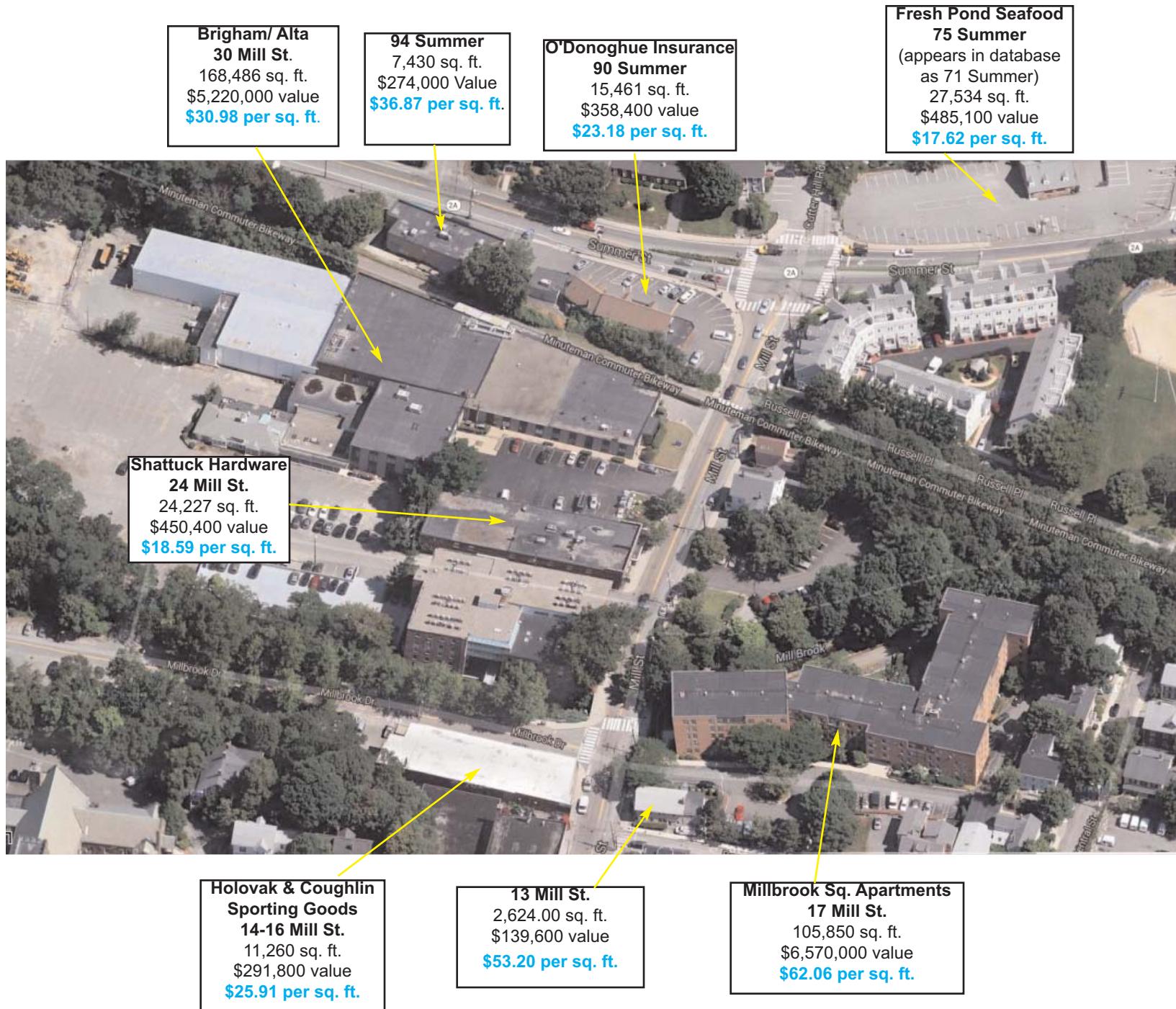
Add: Exempt Debt, Non-Exempt Debt, OPEB

Ref 2



Study of Land Valuation in Arlington, MA Focus on valuation of contiguous commercial properties

Prepared by Michael Stern for Arlington's Vision 2020 Fiscal Resources Task Group



Sunrise Assisted Living
1395 Mass. Ave.
85,185 sq. feet
\$3,825,000 value
\$44.90 per sq. ft.

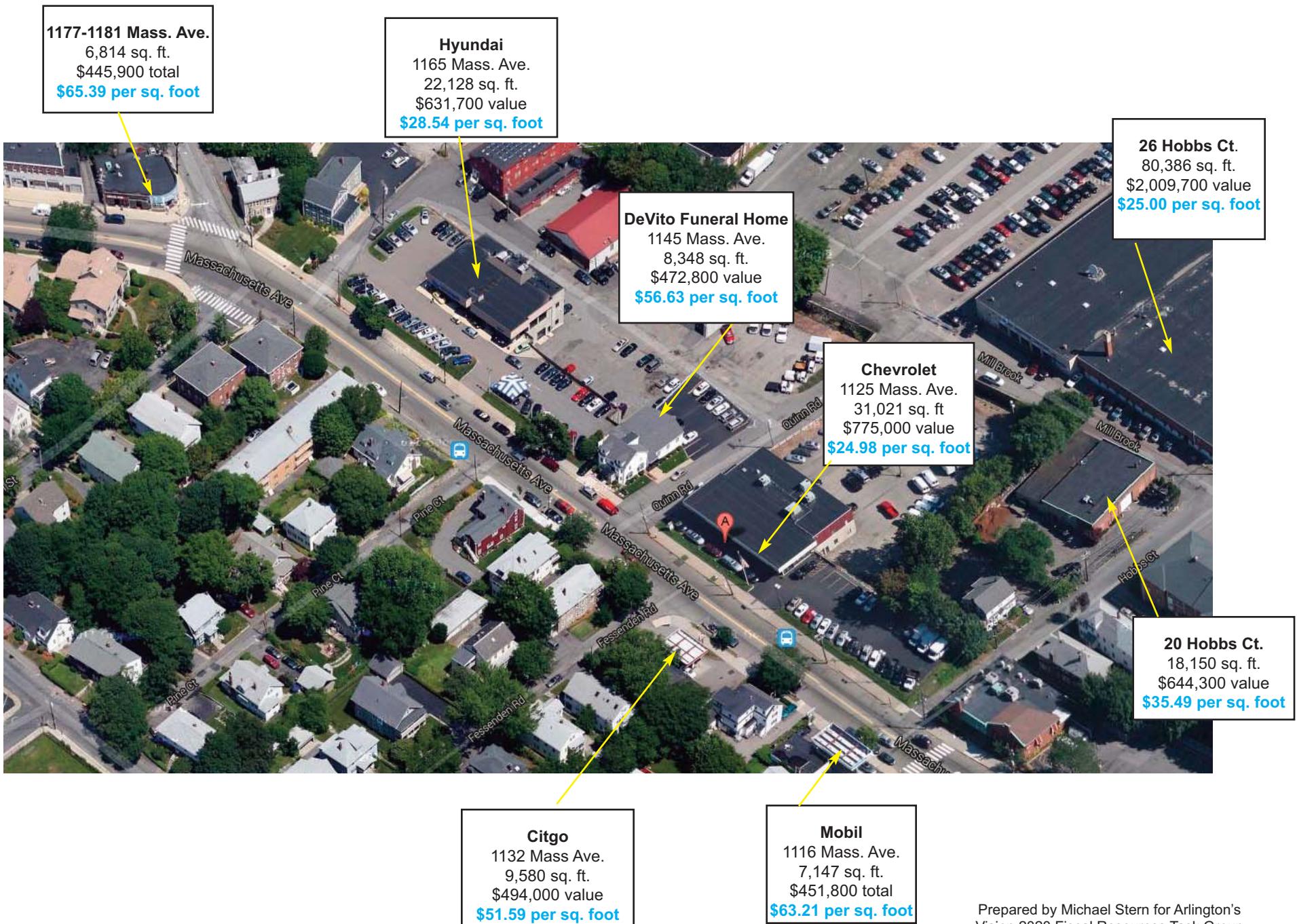
Arlington Coal & Lumber
41 Park Ave.
99,267 sq. feet
\$1,489,000
\$14.99 per sq. ft.

Citgo Station
19 Park Ave.
5,208 sq. ft
\$234,400 value
\$45.00 per sq. foot



1367-1381 Mass Ave.
6,355 sq. ft
\$437,900
\$68.90 per sq. ft.

1365 Mass. Ave.
2,937 sq. ft.
\$220,300 value
\$75.00 per sq. ft.



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